GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1749
ANSWERED ON:01.08.2003
THIRD PARTY MOTOR INSURANCE
BASUDEB ACHARIA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that public sector general insurance companies (GIC) are facing huge losses due to unstructured compensation being paid by them in regard to third party motor insurance;

(b) whether the Government are also aware that private players in the insurance sector are not covering this (third party motor insurance) as it is loss making business;

(c) if so, the steps taken by the Government to make it mandatory for all private/public companies so as to protect the public sector insurance companies from getting destabilized or weakened;

(d) whether Government are also propose to amend the Motor Vehicles Act for bringing in structured compensation and for laying down maximum cap on third party liability in case of accidental mishaps; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (Shri ANANDRAO V. ADSUL)

(a): Yes, Sir.

(b) & (c): Yes, Sir, to some extent. The Insurance Regulatory & Development Authority has instructed all insurers to cover mandated/compulsory Third Party Liability under motor insurance.

(d) & (e): Ministry of Road Transport & Highways have reported that the question of amendment to the Motor Vehicles Act regarding laying down maximum amount of liability etc. will be appropriately considered in consultation with the Ministry of Law during the next round of amendment to the Motor Vehicles Act.